

OVERVIEW

The report has nine chapters which bring out the status of Panchayat Raj Institutions (PRIs), Accounting and Audit arrangements, Introduction to Panchayat Raj Institutions (PRIs) in the State, in Chapter I, Budget and Financial Management in Chapter II, Major Lapses in Revenue Management in Chapter III. Chapter IV deals with Lapses in human resources management and Major irregularities in Execution of Schemes are highlighted in Chapter V. Recovery at the Instance of Audit is highlighted in Chapter VI. Status of Recovery by Surcharge proceedings, Non-settlement of outstanding Paras and Conclusions and Recommendations are given in Chapter VII, VIII & IX respectively.

Some of the important highlights are given below:

1. Sources of Revenue and Accounting

- PRIs are mainly financed by grants from Central Govt. besides recurring and non-recurring grants released by the State Govt. and their own sources of revenue. State Govt. yet to notify minimum and maximum rates of taxes to be imposed by PSs and GPs so as to enable them to augment their sources of revenue. **(Para-1.4)**
- PRIs yet to start preparation of Annual Accounts. Hence utilisation of grants and other funds could not fully vouched. **(Para 1.6)**

2. Budget and financial management in PRIs

- State Govt. yet to frame rules regarding time and process to be followed for preparation of budget estimates. **(Para 2.1)**
- All the 48 PSs and 196 GPs covered in this audit did not prepare budget estimates and none of the PRIs prepared Annual Accounts for the year upto 2007. **(Para 2.1 & 2.2)**
- All the PRIs were maintaining several cash books in place of one and the transactions covered in several cash books were not compiled, which resulted in non depiction of actual position of finance. **(Para 2.3)**
- In six ZPs, where the closing balance of cash book and bank accounts were available, a comparison of the two sets of figures revealed a discrepancy of Rs. 10.38 crore. **(Para 2.5.1)**

- In 33 PSs the total discrepancy noticed was to the tune of Rs. 9.79 crore. **(Para 2.5.2)**
- Rupees 90.17 lakh was diverted by ZPs Bhagalpur and Bhojpur during 2003-04 to 2006-07 out of Tenth, Eleventh, Twelfth FC and SGRY Grants for other purposes and Rs. 41.21 lakh was diverted by PS Runni Saidpur from SGRY fund between January 2004 to March 2004 in M.L.A. Schemes. **(Para 2.7)**

3. *Major Lapses in Revenue Management*

- Assistant of ZP Motihari and ZP Purnea collected Rs. 33.07 and Rs. 11.31 lakh but deposited only Rs 25.12 and Rs. 5.24 lakh respectively. The remaining balance was not recovered till June 2007 and December 2007. **(Para 3.1)**
- Due to lack of control over collection of various receipts the collecting staff deposited Rs. 47.04 lakh against total collection of Rs. 74.28 lakh on account of annual settlement of pounds and ferries, hat bazar, mela, licence fee etc. **(Para 3.3)**
- Non-realization and Loss of revenue to the tune of Rs. 46.67 lakh and Rs. 28.41 lakh respectively on account of settlement of sairats.

(Para 3.5.)

4. *Lapses in human resources management*

- In three ZPs, Bettiah, Bhagalpur and Sitamarhi, the medical staff remained idle for more than three years as neither any medicine nor any equipment was supplied to the dispensaries by the ZPs. **(Para 4.1)**
- Irregular appointment of 12 persons in Samastipur ZP and resultant avoidable payment of Rs. 17.71 lakh on their salaries. **(Para 4.2)**

5. *Major irregularities in execution of schemes/works*

- In Narkatiaganj, Runi Saidpur, Sono and Masaurhi PSs advances were made for a number of works which were either abandoned or postponed but advances paid were not recovered. **(Para 5.3)**
- Engagement of same labourers was shown twice, thrice and four times in the same period in Ujiyarpur and Parihar PS and Patna and Katihar ZP. **(Para 5.4.5)**

- The grant to the tune of Rs. 18.68 crore meant for execution of works for specific benefit of SC/ST community was diverted towards the execution of general schemes. **(Para 5.4.6)**
- In SGRY works food grain was to be issued to the labourers at subsidised rates as a part of wage component, the food grain was not distributed amongst labourers and misappropriated by executing agent. **(Para 5.4.9.5)**
- It was revealed that there was doubling of schemes in five cases in Chakai Panchayat samiti of Jamui District. Two separate estimates were prepared for the same work without verifying the site, separate scheme files prepared and work allotted to two separate executing agencies and were paid advances. **(Para 5.5.1)**
- In 12 ZPs against the outstanding advance of Rs. 50.13 crore adjustment of advance was made merely of Rs. 1.39 crore and unadjusted advance remained of Rs. 48.74 crore and in 48 PSs and 196 GPs advance to the tune of Rs. 38.33 crore remained unadjusted. **(Para 5.6)**

6 *Non-settlement of outstanding paras*

- The PRIs were required to take follow up action on the Audit Reports (AR) issued to them which however remained wanting due to which irregularities pointed out in AR still continued unchecked. Upto 2007-08, 46711 paras in respect of 2845 ARs involving money value of Rs. 241.54 crore remained outstanding for compliance. **(Para 8.1)**